

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

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In re	:	Chapter 9
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CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
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**STIPULATION RESOLVING MOTION OF THE  
GENERAL RETIREMENT SYSTEM OF THE  
CITY OF DETROIT TO DESIGNATE AND DETERMINE  
ADDITIONAL LEGAL ISSUE REGARDING METHODOLOGY  
FOR ASF RECOUPMENT FROM RETIREES [Docket No. 5478]**

The City of Detroit, Michigan (the "City"), the General Retirement System of the City of Detroit (the "GRS"), the Official Committee of Retirees (the "Retiree Committee") and the Detroit Retired City Employees Association (the "DRCEA") (collectively, the "Parties"), by and through each of their undersigned counsel, stipulate as follows:<sup>1</sup>

1. On June 20, 2014, the GRS filed the Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees (Docket No. 5478) (the "Motion"), seeking to "raise a discrete legal issue before the Court

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<sup>1</sup> Capitalized terms not defined herein have the meanings given to them in the Plan.

regarding the treatment of GRS retirees with respect to the recoupment of Annuity Savings Fund Excess Amounts" under the Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (Docket No. 4392) (the "Plan"). Motion, at 1. On that same date, the GRS filed, and the Court granted, an *ex parte* motion for shortened notice and an expedited hearing on the Motion. See Docket Nos. 5479 and 5496.

2. On June 23, 2014, the Retiree Committee filed the Official Committee of Retirees' Concurrence in Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees (Docket No. 5509). Also on June 23, 2014, the DRCEA, among other parties, filed the Concurrence of the Retiree Association Parties in the Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees (Docket No. 5535).

3. On June 24, 2014, the City filed its Response of the City of Detroit to the Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees (Docket No. 5578).

4. The Parties have reached an agreement that resolves the Motion. Specifically, the Parties have agreed upon certain modifications to the

Plan, as set forth in the term sheet attached hereto as Exhibit 2 (the "Term Sheet").

The City has agreed to make revisions to the Plan substantially in the form of the provisions set forth in the Term Sheet.

5. Having reached a consensual resolution regarding the relief sought in the Motion, the Parties respectfully request that the Court enter the proposed Order attached hereto as Exhibit 1.

Dated: July 7, 2014

/s/ Robert D. Gordon

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ATTORNEYS FOR THE OFFICIAL  
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**EXHIBIT 1**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

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In re	: Chapter 9
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CITY OF DETROIT, MICHIGAN,	: Case No. 13-53846
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**ORDER RESOLVING MOTION OF THE  
GENERAL RETIREMENT SYSTEM OF THE  
CITY OF DETROIT TO DESIGNATE AND DETERMINE  
ADDITIONAL LEGAL ISSUE REGARDING METHODOLOGY  
FOR ASF RECOUPMENT FROM RETIREES [Docket No. 5478]**

This matter came before the Court on the Stipulation Resolving Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees [Docket No. 5478] (the "Stipulation"),<sup>1</sup> filed by the City of Detroit (the "City"), the General Retirement System of the City of Detroit (the "GRS"), the Official Committee of Retirees and the Detroit Retired City Employees Association (collectively, the "Parties"); the Court having reviewed the Stipulation; the Court finding that (a) the Court has jurisdiction over this matter pursuant to

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<sup>1</sup> Capitalized terms not defined herein have the meanings given to them in the Stipulation.

28 U.S.C. §§ 157 and 1334 and (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court being fully advised in the premises;

IT IS HEREBY ORDERED THAT:

1. The Stipulation is APPROVED.
2. The Motion has been consensually resolved as set forth in the Stipulation.
3. The City will amend the Plan substantially in accordance with the provisions set forth in the Term Sheet.



## **EXHIBIT 2**

## TERM SHEET

GRS Participants who are subject to an ASF Recoupment (as defined in the Plan<sup>1</sup>) through reduction of their monthly pension (each, an ASF Distribution Recipient as defined in the Plan) but who wish to pay in a single lump sum the total amount of their ASF Recoupment, shall be provided a one-time opportunity to do so, subject to the following terms and conditions (the "ASF Recoupment Cash Option"):

1. No later than 7 days following the Effective Date, the City, through KCC, shall send a notice (the "Election Notice"), by first-class U.S. mail, to each ASF Distribution Recipient, notifying the recipient of the ASF Recoupment Cash Option and providing such recipient with an election form. The election form shall explain that the amount of the cash payment shall be the total amount of their ASF Recoupment as shown on their ballot unless the aggregate amounts of ASF Recoupment for recipients wishing to participate in the ASF Recoupment Cash Option exceeds the ASF Recoupment Cash Option Cap, in which case the cash payment will be as set forth in Paragraph 3 below.
2. Each ASF Distribution Recipient shall have 35 days from the date on the election form (which shall be the date on which the election form is mailed) (the "Election Date") to return the election form to KCC. For an election form to be valid, it must be received by KCC by the Election Date.
3. The ASF Recoupment Cash Option shall be capped at \$30 million (the "ASF Recoupment Cash Option Cap"). If ASF Distribution Recipients timely return properly completed election forms by the Election Date that represent ASF Recoupment amounts that, in the aggregate, exceed the ASF Recoupment Cash Option Cap, then each such ASF Distribution Recipient will be permitted to participate in the ASF Recoupment Cash Option for his or her Pro Rata portion of the ASF Recoupment Cash Option Cap; such recipient's remaining portion of his or her ASF Recoupment amount will be annuitized as provided for in the Plan.
4. ASF Distribution Recipients who timely elect the ASF Recoupment Cash Option Cap shall be notified by GRS (the "Final Cash Payment Notice") of their final ASF Recoupment Cash Option amount following the Pro Rata analysis in Paragraph 3, which notice shall be mailed by the GRS no later than 14 days after the Election Date. ASF Distribution Recipients will be given the later of 90 days after the Effective Date or 50 days following GRS mailing of the Final Cash Payment Notice to make their payment. The payment must be by cashier's check or wire transfer. No personal checks will be accepted. If the payment is not timely wired or received by the deadline, GRS will notify the ASF Distribution Recipient of the failure to timely pay, and ASF Recoupment will be made through diminution of their monthly pension as currently provided in the Plan. The deadline will be absolute. There will be no exceptions for any reason for a late payment. The calculation of each electing ASF Distribution Recipient's ASF Recoupment Cash

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<sup>1</sup> Capitalized terms used herein and not defined have the meanings ascribed to them in the Plan.

Option payment amount shall not be adjusted under any circumstances, including as a result of any default by any other electing ASF Distribution Recipient to timely remit payment pursuant to the Final Cash Payment Notice.

**CERTIFICATE OF SERVICE**

I, Heather Lennox, hereby certify that the foregoing Stipulation Resolving Motion of the General Retirement System of the City of Detroit to Designate and Determine Additional Legal Issue Regarding Methodology for ASF Recoupment From Retirees [Docket No. 5478] was filed and served via the Court's electronic case filing and noticing system on this 7th day of July, 2014.

/s/ Heather Lennox \_\_\_\_\_